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ABSTRACT

The personal economic and financial security unit is presented to assist apprentices to acquire a general knowledge of how to maintain economic security and stability. The unit consists of six modules: (1) Fair Labor Standards Act: minimum wages and maximum hours, (2) unemployment insurance: payments for the unemployed worker, (3) workmen's compensation: payments for on-the-job injuries, (4) disability and life insurance, (5) social security: worker income protection, and (5) private pension plans. Each module contains information on the following areas: objectives, references, content, instructional suggestions, and detailed background information. (EC)

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PERSONAL ECONOMIC AND FINANCIAL SECURITY

UNIT 7

A CORE CURRICULUM OF RELATED INSTRUCTION FOR APPRENTICES

CE000874

The University of the State of New York/ THE STATE EDUCATION DEPARTMENT
Bureau of Occupational and Career Curriculum Development Albany, New York 12234
1976

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FOREWORD

Apprentice training is a systematic way of providing the skilled workers necessary to supply current and future employment demands. Related instruction is an integral part of a planned apprentice training program — ranking in importance with the skills learned on the job. The related instruction provided to apprentices helps them better understand the trade and to know *why* things are done as well as *how* they are done.

A *Core Curriculum of Related Instruction for Apprentices* was designed to provide relevant instruction to apprentices preparing for a variety of trades. It includes the general topics appropriate to all who will be taking their place in the national workforce. Therefore, presentation of related instruction to a mixed group of apprentices becomes a feasible and manageable activity which helps fulfill the legal requirement for this component of a full apprentice program. It leaves the trade-specific information to be provided as the need arises.

The core curriculum is developed in major units or general topics. Modules within each unit are designed as self-contained instructional packages which can be selected for presentation to meet individual and program needs. The objectives of each module are expressed in terms of expected terminal performances which each apprentice should exhibit as a result of instruction. This allows any apprentice who is able to accomplish the student objectives to move on to another module. The program provides sufficient flexibility for the development of instruction to meet the specific needs of a variety of apprentices with differing backgrounds and expectations.

This Unit, *Personal Economic and Financial Security*, is one of nine units that have been developed to provide the apprentice with a working knowledge of the various programs that are designed to assist in maintaining a worker's economic stability. The Administrative Considerations and Instructional Considerations which will be helpful to administrators and journeymen/instructors in developing and conducting an approvable course in related instruction are contained in Unit I, Introduction to Apprenticeship. It is suggested that reference to that unit be made by all who will instruct this unit.

Content relating to the core curriculum was developed under grant at the New York State School of Industrial and Labor Relations, Cornell University, Ithaca, under the supervision of Professor Felician F. Foltman. Assistance relating to content was provided by Charles A. Stebbins, Associate in the Bureau of Trade and Technical Education, with the concurrence of Carl G. Benenati, Chief, who is reponsible for the approval and conduct of related instruction programs for apprentices. The material developed was adapted to a curricular format and prepared for publication by Nelson S. Maurer, Associate in the Bureau of Occupational and Career Curriculum.

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UNIT 7

MODULE 1

FAIR LABOR STANDARDS ACT: MINIMUM WAGES AND MAXIMUM HOURS

Explains the need for a minimum wage and maximum hours law and gives its major provisions

OBJECTIVES

At the completion of this module students will be able to:

1 *Explain the purpose of the law*

2 *Identify the three broad objectives of the law*

3 *State the constitutional power Congress used to pass the law*

4 *Explain who is covered by the law*

5 *Name who administers the Fair Labor Standards Act*

6 *Identify who is exempt from the child labor provisions*

7 *Explain how and why apprentices are exempted from the law*

8 *Name the principal procedures for the recovery of unpaid minimum and/or overtime wages due an employee*

9 *Describe the purpose of the Equal Pay Act of 1963 in relation to the Fair Labor Standards Act*

REFERENCES

(A) U.S. Department of Labor. *Fair Labor Standards Act, as amended.* Washington, D.C. U.S. Government Printing Office. 1971. (Bulletin 1318)

(B) _____ *Handy reference guide to the Fair Labor Standards Act.* Washington, D.C. U.S. Government Printing Office. 1968. (Bulletin 1282)

(C) _____ *Services to the public.* Washington, D.C. U.S. Government Printing Office. 1967. (Bulletin 1178)

CONTENT	INSTRUCTIONAL SUGGESTIONS
Purpose of the Wage and Hour Law (1) • Establish Minimum Standards for Health Efficiency, and General Well-Being (1)	Ask class to state the unhealthy working conditions that the Wage and Hour Act was meant to correct.

BACKGROUND INFORMATION

The Fair Labor Standards Act states that "the Congress hereby finds that the existence, in industries engaged in commerce or in the production of goods for commerce, of labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers (1) causes commerce and the channels and instrumentalities of commerce to be used to spread and perpetuate such labor conditions among the workers of the several States; (2) burdens commerce and the free flow of goods in commerce; (3) constitutes an unfair method of competition in commerce; (4) leads to labor disputes burdening and obstructing commerce; and (5) interferes with the orderly and fair marketing of goods in commerce."

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Eliminate Poor Working Conditions Without Curtailing Employment (1)	Discuss with students what is meant by oppressive child labor. (Ref. A; Ref. B)	The Wage and Hour Law further indicates that it is "to correct, as rapidly as practicable, to eliminate the conditions referred to above in such industries without substantially curtailing employment or earning power."
Broad Objectives (2) • Minimum Wage (2)	*Additional information about the Act may be obtained by contacting the nearest office of the Wage and Hour Division of the U.S. Dept. of Labor. Offices are located in Albany, Bronx, Brooklyn, Buffalo, Hempstead, New York, Rochester, and Syracuse.*	The Wage and Hour Law established a minimum wage that would act as a floor or income, so that workers would have a rudimentary minimum standard of living. In addition the law established a ceiling on the number of hours a worker could work per week. If he worked more than 40 hours per week, he was to be paid a premium of time and a half. The ultimate purpose of a premium on overtime was to spread the available employment around.
• Child Labor (2)		The law also provided for the elimination and discouragement of oppressive child labor.
Constitutional Authority for Passage of Law (3)	Ask students to differentiate between the commerce power of the Federal government and the police power of the states. Also consider what empowers the Federal government and states with these powers.	Congress used its power to regulate the commerce among the several states to pass the law. In the court case, *U.S. v. Darby Lumber Co.*, in 1941, the Supreme Court declared the Fair Labor Standards Act to be constitutional. Previous attempts to pass laws concerning maximum hours, minimum wages or child labor were declared unconstitutional. The Court has said that it was not within the power of the Federal government to regulate these matters. The Court had in some cases said that regulating hours, wages, and conditions of work was within the police power of the states.
Employees Covered by the Law (4) • Engaged in Commerce (4) • Employer-Employee Relationships (4)	Invite a representative of the local office of the Wage and Hour and Public Contracts Division of the U.S. Dept. of Labor or a representative of the Division of Labor Standards of the New York State Dept. of Labor to discuss the administrative aspects of the law and answer students' questions.	An employee is covered by the law if he is engaged in commerce or in the production of goods for commerce or in any closely related process or occupation directly essential to such production. For the law to be applicable, there must also be an employee-employer relationship.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Enterprise (4)	List the services to the public provided by the Wage and Hour and Public Contracts Division of the U.S. Dept. of Labor. (Ref. C)	If workers are employed by an employer who falls within the definition of an enterprise, then they are covered by the wage and hour provisions, regardless of whether or not the employer is engaged in interstate commerce. An enterprise is a business that has gross sales of greater than $250,000 per year or is engaged in construction cleaning business, or health care (except a Federal government hospital).
Administration of the Law (5)		The Fair Labor Standards Act is administered by the Wage and Hour Division of the Department of Labor. The President appoints, with the advice and consent of the Senate, an administrator who is responsible for the management of the Division and the implementation of the law. The Secretary of Labor sends to Congress each year a report which is an evaluation and appraisal of the law. The Department of Labor maintains regional offices with staff members from the Wage and Hour Division to assist employees when they have any questions.
Exemptions from the Child Labor Provisions (6)		The child labor provisions of the Act apply to employees under the age of 16, except those employed on their parent's farm or child actors in motion pictures or television production. Employees engaged in the delivery of newspapers are exempted not only from the child labor provisions, but also from the minimum wage and overtime provisions of the Act.
Exemptions of Apprentices (7)	Discuss why apprentices may be paid less than the minimum wage. (Ref. A; Ref. B)	The Secretary of Labor, to the extent necessary in order to prevent curtailment of opportunities for employment, can issue certificates to employers that exempt them from paying the minimum wage to apprentices. The Secretary of Labor prescribes the time, number, proportion, and length of service of the certificates.
Recovery of Wages Due (8)		
• Suit by Employee (8)	Discuss the most efficient method for an employee to recover lost wages (Ref. B)	An employee may bring suit against his employer to recover past wages due, plus a reasonable attorney's fee.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Suit by Secretary of Labor (8)		The Secretary of Labor may file suit against the employer for back wages. If an employee consents to such a suit, he waives his right to file an independent suit for damages.
• Action by Wage and Hour Division (8)		The Wage and Hour Division may supervise the payment of recovered wages. When the employee accepts his back wages in this type of settlement, he waives his opportunity to sue in court.
• Court Injunction (8)		The Secretary of Labor may obtain an injunction in federal court to restrain an employer from paying below minimum wages or not obeying the overtime compensation sections of the law.
Purpose of Equal Pay Act (9)	Discuss the assumptions made in the Equal Pay Act relative to women workers, their skills, interests, motivations, and potentialities.	The Equal Pay Act of 1963 amended Section 6 of the Fair Labor Standards Act to prohibit discrimination in wages on account of sex. Where equal work is performed by female employees on jobs requiring the performance of equal skill, effort, and responsibility, the women must receive equal pay for such work.

UNIT 7

MODULE 2

UNEMPLOYMENT INSURANCE: PAYMENTS FOR THE UNEMPLOYED WORKER

Explain the rights of and benefits to the apprentice under the New York State Unemployment Insurance Law

OBJECTIVES

At the completion of this module students will be able to:

1 *Explain what unemployment insurance is*

2 *Identify the objectives of unemployment insurance*

3 *Identify and define 10 terms relating to unemployment insurance*

4 *Name the conditions necessary to qualify for benefits under the unemployment insurance law*

5 *List and explain the conditions under which a claimant may lose his rights to benefits*

6 *Explain a claimant's right to appeal a benefit claim determination if he is dissatisified*

7 *Explain the penalties for making a false statement when applying for unemployment insurance benefits*

REFERENCES

(A) Becker, Joseph. *Experience rating in unemployment insurance.* Baltimore, Md. John Hopkins Press. 1972.

(B) _____ *Twenty-five years of unemployment insurance.* Kalamazoo, Mich. Upjohn Institute for Employment Research. 1961.

(C) Committee on Unemployment Insurance Objectives. *Unemployment and income security: goals for the 1970's.* Kalamazoo, Mich. Upjohn Institute for Employment Research. 1969.

(D) Gordon, Margaret & Amerson, Ralph. *Unemployment Insurance.* Berkeley, Calif. University of California. 1957.

(E) Haber, William & Murray, M.G. *Unemployment insurance in the American economy.* Homewood, Ill. Richard D. Irwin, Inc. 1966.

(F) New York State Department of Labor, Division of Employment. *Handbook for Employers; a guide to employer rights and responsibilities under the New York State Unemployment Insurance law.* Albany, N.Y. The Department. Published annually.

(G) _____ *How unemployment insurance helped workers in New York State. 1953-1967.* Albany, N.Y. The Department. 1970.

(H) _____ *New York State unemployment insurance information for claimants.* Albany, N.Y. The Department 1975.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Purpose of Unemployment Insurance (1)	Discuss with students whether or not unemployment insurance is consistent with our free enterprise system. Also, discuss why unemployment insurance might be considered socialistic. (Ref. B; Ref. C; Ref, D, pp. 8-9; Ref. G)	Benefits are paid to unemployed workers from funds that have been accumulated while the worker is employed. Because the average worker has difficulty saving enough for periods of unemployment, unemployment insurance, like other types of insurance, utilizes the principle of pooling resources to meet a widespread risk. Unemployment insurance accumulates funds during prosperous times and gives them out during a period of recession.
Objectives of Unemployment Insurance (2)		
• Provides Partial Compensation for Lost Wages (2)		The primary objectives of unemployment insurance is to compensate the worker for the loss of wages during unemployment. Unemployment insurance assures the worker compensation as a matter of right in a dignified and reliable manner during periods of unemployment.
• Maintains Purchasing Power Which Stabilizes Economy (2)		Benefits paid to the unemployed worker enable him to maintain his current standard of living. By stabilizing the purchasing power of the individual worker, the national economy is also stabilized.
• Prevents the Dispersal of the Employer's Trained Work Force (2)		Benefits paid under unemployment insurance allow workers to remain in their present locality and be available to return to work for their former employers when business conditions improve.
Definition of Terms (3)	Determine if any of the students have ever claimed unemployment insurance. If there are any, find out the circumstances and if there were any problems or complications relative to receiving benefits. (Ref. A, Chapter 1; Ref. E, Chapter 13; Ref. F)	Unemployment insurance is financed by employers through payroll taxes. Not all employers are liable to pay unemployment insurance. Certain employers in agriculture, nonprofit organizations, and small businesses are exempted from liability under the unemployment insurance law.
• Employer (3)		
• Employment (3)		Employment is any service, unless specifically included, performed for compensation under a contract of hire.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Experience Rating (3)		Experience rating is the practice of varying the tax the employer must pay in relation to the individual firm. Thus, if an employer has a great deal of unemployment, he will be liable for a higher tax than if he had only a small amount of unemployment.
• Benefit Year (3)		The benefit year is the 52-week period after the claimant files his claim. During the 52-week period, the claimant may receive up to 26 weeks of benefits at the established rate.
• Waiting Period (3)		The waiting period is an uncompensated week period at the beginning of each benefit year.
• Extended Benefits (3)		Extended benefits are benefits paid during periods of high unemployment. The claimant can receive up to 13 additional weeks of benefits, if he qualifies for extended benefits.
• Average Weekly Wage (3)		The average weekly wage in the claimant's base period determines his his weekly benefit rate. The benefit rate for a week is determined according to a schedule. The benefit rate runs from a specific minimum per week up to a specific maximum per week.
• Base Period (3)		The base period is the 52-week period before the claimant files claim.
• Partial Benefits (3)		Partial benefits may be paid to a claimant for any week in which he works not more than three days and earns not more than the maximum benefit.
Qualifying Conditions Having Recent Employment (4)	Discuss with students whether or not apprentices meet the necessary conditions to qualify for unemployment insurance benefits. If any apprentice did not qualify, identify the conditions which he failed to meet. Invite a representative from the local unemployment	In order to qualify for unemployment a person must have had some insured employment in each of 20 of the previous 52 weeks with earnings of at least a specified amount in those 20 weeks. If a person cannot qualify under the basic conditions, an alternate condition is available. In this case a person must have some insured employment in each of 15 of the previous 52 weeks with earnings of at least a specified amount in those 15 weeks and also some insured employment in each of 40 of the previous 104 weeks with earnings of at least a specified amount in those 40 weeks.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Other Conditions (4)	insurance office to discuss and demonstrate the procedures that must be followed when filing for unemployment insurance benefits. Ask the representative to bring materials for distribution to all members of the class.	In order to qualify for benefits, a claimant must meet the following conditions: • Not be subject to any disqualifications or suspension • Be unemployed and able to and available for work • Old benefit year, if any, must have ended • In the week the claim is filed he must have at least four days of unemployment and earnings of not more than the maximum benefit
Conditions Affecting Loss of Benefits (5)	Determine if any of the apprentices have been disqualified from receiving unemployment insurance benefits and discuss why they were disqualified. (Ref. F; Ref. H)	
• Voluntary Quit (5)		If a claimant quits his last job "without good cause," he is disqualified from receiving benefits.
• Provoked Discharge (5)		If a claimant provokes his discharge by improper actions or behavior, he is disqualified from receiving benefits because a provoked discharge is considered to be a "voluntary quit without good cause."
• Refusal To Work (5)		If a claimant refuses a suitable job "without good cause," he is disqualified.
• Misconduct (5)		If a claimant loses his last job through misconduct in connection with his employment, he is disqualified from receipt of benefits. A claimant who loses his job because of a job-connected criminal act constituting a felony is disqualified for 12 months if he is convicted or admits the act in writing.
• Availability (5)		If a claimant is not available for work, he is suspended indefinitely or until he demonstrates he is available.
• Strikes and Lockouts (5)		If loss of employment is due to an industrial controversy in the establishment where the claimant works, his benefits are suspended for 49 days from the day after the loss of the job.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Right to Appeal (6)		If a person is dissatisfied with his benefit claim determination, he has 30 days from the date of the determination to ask for a hearing before a referee. Upon receipt of the referee's decision, he has 20 days to appeal that decision to the Appeal Board. No fee is charged for these proceedings.
Penalties for Making False Statements (7)		
• Conditions for Imposition of Penalty (7)		The imposition of a forfeit penalty requires the following conditions: • Claimant makes a false statement • Claimant knows that the statement is false • The false statement is made in relation to his claim for benefits
• Penalty (7)		The penalty for each offense is forfeiture of benefits for the equivalent of 1 to 20 weeks. The penalty applies even if no criminal intent or proof sufficient to support larceny is shown, and regardless of claimant's interpretation of the ultimate effect of his false statement. There are criminal penalties for benefits which are obtained fraudulently.
• Penalties for Concealing Employment (7)		If a claimant conceals employment, there is a separate offense for unemployment, and cumulative penalties are imposed.
• Statute of Limitations (7)		The law provides for a statute of limitations of two years from the date the offense was committed. The penalty cannot be applied after two years.

WORKMEN'S COMPENSATION: PAYMENTS FOR ON-THE-JOB INJURIES

Explains the rights of and benefits to the apprentice under the New York State Workmen's Compensation Law

OBJECTIVES

At the completion of this module students will be able to:

1 *Explain the purpose of Workmen's Compensation*

2 *State what the law requires of the employer*

3 *Identify their rights under the Workmen's Compensation Law*

4 *List what one must do to receive benefits under Workmen's Compensation*

5 *Contrast "injury" with "occupational disease"*

6 *Identify what an employee must prove to make a claim for Workmen's Compensation*

7 *Explain the objectives of rehabilitation*

8 *State the purpose of the Second Injury Law*

9 *Identify and define six terms relating to Workmen's Compensation disabilities and benefits*

10 *Classify who is covered under Workmen's Compensation*

11 *Explain what conduct will deprive an injured worker of Workmen's Compensation*

REFERENCES

(A) Cheit, E.F. *Injury and recovery in the course of employment.* New York, N.Y. John Wiley and Sons, Inc. 1961.

(B) New York State Workmen's Compensation Board. *Digest of laws;* rev. ed. Albany, N.Y. The Board. 1969.

(C) _____. *New York's "R" program.* Albany, N.Y. The Board. 1969.

(D) _____. *On the job injury.* Albany, N.Y. The Board. 1974.

(E) _____. *Workmen's Compensation time table.* Albany, N.Y. The Board. 1974.

(F) Sowers, H.N. & Sowers, A.R. *Workmen's Compensation.* New York, N.Y. John Wiley and Sons, Inc. 1954. (Publication out of print, may be available through local library.)

(G) U.S. Department of Labor. *State laws and recommended standards.* Washington, D.C. U.S. Government Printing Office. 1967. (Bulletin 212)

(H) _____. *Workmen's Compensation, state laws revised.* Washington, D.C. U.S. Government Printing Office. 1970. (Bulletin 161)

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Purpose of Workmen's Compensation (1)	Ask students to relate any incidents that they know of where individuals have received workmen's compensation benefits	Workmen's Compensation provides weekly cash payments for the disabled worker who has been injured during his employment. The injured worker is paid without regard to whose fault caused the injury. The worker does not receive payments if he was intoxicated or willfully injures himself, however.
• Method and Amount of Payments (1) • Major Objectives (1)	Discuss with students the adequacy of the benefit being two-thirds of the worker's average weekly wage. (Ref. A, pp. 17-18, 96-97, 161-166; Ref. B; Ref. F; Ref. G, Ref. H)	The worker receives two-thirds of his average weekly wage and medical care for his injury. However, the worker is not compensated for his pain and suffering. The major objectives of Workmen's Compensation are improved safety, the prevention of accidents, and the rehabilitation of disabled workers.
Employer Responsibility (2)	Ask each student to determine whether or not his employer is self-insured or insured by a carrier and to state where the insurance notice is posted. (Ref. B; Ref. E; Ref. F)	The law requires an employer to: • Provide Workmen's Compensation so that his employees may properly be taken care of in case of an on-the-job injury • Post a notice and indicate that a) if he carries insurance to give the name of the insurance carrier b) if he is self-insured to so state this fact
Employee's Rights (3) • Choice of Doctor (3)	Discuss with students the importance of the injured worker having the right to choose his own doctor. Point out that the hearing system and the right to choose one's own doctor is unique to New York State. (Ref. B)	A person is entitled to a hearing. The Workmen's Compensation Board will schedule a hearing if it believes it is necessary or if a hearing is requested. A person has the right to his choice of a doctor if the Chairman of the Workmen's Compensation Board has authorized him to treat that type of injury. The doctor bills are paid for by the employer or his insurance carrier. If a case is disputed, bills should not be paid until after a hearing is conducted by the Board.
• Payment for Other Related Medical Expenses (3)		The employer also pays for any travel expenses to and from the hospital, drugs, or other medical apparatus, such as crutches, that the doctor prescribes.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Other Payments (3)		A person receives payments when his injury keeps him from work more than one week, compels him to work at lower wages, or leaves him with a permanent injury.
• Represented by an Attorney (3)		If a claim is disputed, the person has the right to an attorney, but, do not pay for his services directly. The fee will be fixed by the Board and deducted from the award.
Applying to Receive Benefits (4)	Discuss with students the importance of following the proper procedures promptly and the possible consequences for not doing so. (Ref. B; Ref. E)	
• Inform employer (4)		When a person is injured, he should tell his employer or foreman at once of his injury. He should tell his employer where and how he was injured.
• Secure Medical Attention (4)		The injured person should promptly receive medical attention from a doctor authorized by the Board. He should request the doctor to file the proper medical reports with the Board and his employer.
• File Claim (4)		The claim should be made out as promptly as possible and sent to the Board.
• Attend Hearings (4)		Copies of the forms can be obtained from the employer or the nearest office of the Workmen's Compensation Board.
• Return to Work (4)		The injured person should return to work as soon as possible. Compensation is never as high as his wages because the law limits it to two-thirds of his weekly wage.
Injury (5)	Invite a Workmen's Compensation examiner to discuss interesting and unusual aspects of Workmen's Compensation. (Ref. B)	An injury is an accidental injury arising out of and in the course of employment. The courts have liberally construed the meaning of "arising out of and in the course of employment" to include a worker injured while eating lunch on the employer's premises. However, a worker involved in horseplay and who is not an innocent bystander would not be covered.
Occupational Disease (5)		An occupational disease is a contracted disease which is a result of a distinctive feature of the kind of work performed by the

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Occupational Disease (5)		claimant and others similarly employed. There is a list of occupational diseases and they are paired with a list of industrial processes, as for example, silicosis and mining.
Making a Claim (6)	Discuss with students the factors to consider when a doctor's testimony is used in establishing a causal relationship between the injury and the occupational activity. (Ref. B)	The law requires that the claimant prove his injury was one "arising out of and in the course of his employment." The courts have interpreted this to require proof of a causal connection between the employment accident and the injury. The employee must prove both existence of disability and the causal relationship between that disabling condition and his accident.
Objectives of Rehabilitation (7)		The objectives of rehabilitation are to: • Eliminate the disability if that is possible • Reduce or alleviate the disability to the greatest degree possible • Retrain the person with a residual physical disability to live and to work within the limits of his disability but to the capacity of his capabilities.
Purpose of Second Injury Law. (8)	Discuss with students how the Second Injury Fund removes the employer's reasons for refusing to employ a handicapped worker. Indicate that the Fund is to give everyone a chance to maintain his independence and self-respect through self-support. (Ref. B)	The Second Injury Fund is a means of encouraging employers to hire physically handicapped people. If an employer hires a handicapped worker and the worker is reinjured, the Second Injury Fund pays the benefits if the worker receives a permanent disability caused by both injuries.
Definition of Terms Relating to Workmen's Compensation (9) • Compensation (9)	Cite a number of examples of different types of injuries and have the students indicate the classification or severity of each injury. (Ref. B)	Compensation is the total amount of cash benefits awarded. Included are payments to the injured worker in disability cases and to his dependents in death cases. Included also are the estimated present value of future payments in case of death, permanent total, and nonschedule permanent partial disability cases, funeral benefits, and payments into special funds. The latter include payments in

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Compensation (9)		death cases where the deceased worker left no dependents and cases in which payments to dependents total less than a specified legal amount. Medical and hospital costs are not included in the compensation figures.
• Extent or Kind of Disability (9)		Extent or kind of disability is a classification of closed claims which indicates the severity of the injury: namely, death, permanent total, permanent partial, or temporary.
• Nature of Injury (()		Nature of injury is a classification of kinds of accidental injuries as well as occupational diseases suffered by workers.
• Permanent Partial Disability)9)		Permanent partial disability is any injury other than the death or permanent total disability which results in the complete loss or loss of the use of any member or part of a member of the body, or any permanent impairment of functions of the body or part thereof. Also, it includes accidents resulting in serious permanent facial, head, or neck disfigurement.
• Permanent Total Disability (9)		Permanent total disability is any injury other than death which permanently and totally incapacitates an employee from following any gainful occupation, or which results in the loss of or the complete loss of the use of any two major members of the body.
• Slow-starting Disease (9)		Slow-starting diseases are diseases which, compared with ordinary occupational diseases, are slower in contraction and development in that the pathological changes which they cause are latent or delayed. There are special provisions with respect to filing of claim and notice to employer in connection with these diseases.
Coverage of Workmen's Compensation (10)	Determine whether or not each student is covered by Workmen's Compensation. Have uncertain students clarify their standing with the Workmen's Compensation Board. (Ref. B: Ref. F)	Coverage is mandatory for businesses with one or more employees. In nonpublic employment, coverage is mandatory if one or more employees are regularly employed. State and municipal workers in "hazardous" occupations are covered by the law. The following are not covered by the law: • Employees of religious, charitable or educational institutions • State or municipal employees not engaged in "hazardous" employment

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
		• Railroad employees, seamen, maritime workers, and Federal employees covered by Federal law
Conditions Depriving an Injured Worker of Compensation Benefits (11)		The following conduct will deprive an injured worker of Workmen's Compensation. • If the injury was caused by the willful intention of the worker to bring about injury or death to himself or another. A worker may lose his right to Workmen's Compensation, for example, if injured in a fight, the result of a dispute unrelated to his work. His surviving dependents will also lose their rights to death benefits in this event. • If the injury was solely occasioned by the intoxication of the worker. • Violation of the rules or orders of the employer. The worker's method and means of doing his assigned work will not deprive him of Workmen's Compensation. He may be deprived of Workmen's Compensation, however, if he is injured at work absolutely forbidden by the employer.

DISABILITY AND LIFE INSURANCE

Explains the workings of disability insurance and life insurance

OBJECTIVES

At the completion of this module students will be able to:

1 *Identify the purpose of New York State's off-the-job Disability Benefits Program*

2 *List the benefits available under disability insurance*

3 *Explain who pays the cost of disability benefits*

4 *State the meaning of life insurance and how it protects the individual*

5 *Identify the different types of life insurance policies and their uses*

6 *Contrast the advantages and disadvantages of group life insurance*

7 *Explain what programming of life insurance means*

REFERENCES

(A) New York State Education Department. Bureau of Continuing Education Curriculum Development. *Life insurance*. Albany, N.Y. The Bureau. 1971.

(B) New York State Workmen's Compensation Board. *Off-the-job disability*. Albany, N.Y. The Board. 1975.

CONTENT	INSTRUCTIONAL SUGGESTIONS
Purpose of Disability Benefits (1)	Ask students to indicate the type of insurance they carry. Would any students receive weekly cash benefits if they were injured off the job. (Ref. B)
Types of Plans (2)	Have students indicate the type of disability insurance plan carried by their employers and where the required notices appear (Ref. B)
• Employer Plan (2)	

BACKGROUND INFORMATION

Disability benefits are paid to workers who are disabled by an off-the-job injury or illness. New York State is one of only five states which requires off-the-job disability insurance for its workers. The Workmen's Compensation Law protects workers from on-the job injuries and the disability insurance protects the worker from off-the-job injuries. The disability insurance provides weekly cash benefits to partially replace lost wages because of injuries or illnesses that result from off-the-job accidents.

An employer may have his own disability benefits plan which has been approved by the Workmen's Compensation Board. If he does, employees are entitled to benefits as provided for under the accepted plan.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Statutory Plan (2)		If an employer does not have an approved plan, employees are entitled to receive statutory benefits as follows: • Cash benefits of 50 percent of average weekly wages (based on the last 8 weeks of employment) with a maximum benefit per week • Benefits payable for a maximum of 26 weeks of disability during 52 consecutive weeks • Benefits begin on the eighth consecutive day of disability
Payment of Benefits (3)	Determine how many students have two jobs and are making double contributions towards disability insurance.	Disability benefits can be paid for solely by an employer or jointly by the employee and employer. If it is paid jointly, the maximum cost to the employee is 30 cents per week (one-half of 1 percent of the first $60 of weekly wages). If an employee has two jobs, the maximum amount a person has to pay is still 30 cents per week. Request employers to distribute the contributions in proportion to the earnings with each employer.
Purpose of Life Insurance (4)	Determine how many students have their own life insurance. (Ref. A)	Life insurance is a contract between a person and an insurance company where the individual agrees to pay premiums in return for the insurance company paying his beneficiary a fixed sum if he should prematurely die. Life insurance is based on the insurance principle of spreading the risk. It is impossible to know when any one individual will die, but when the law of large numbers is applied (500,000 people or more), one can predict with certainty how many will die each year. Insurance companies use actuarial tables to predict how many persons in each age group will die each year.
Types of Life Insurance (5) • Term (5)	Discuss different types of life insurance that are available. Have each student identify a type of life insurance that best meets his individual needs at this time. Indicate there is no one best policy and suggest that students discuss their insurance needs with a qualified licensed life insurance agent.	Term insurance is protection for a specified period of time. Only if a person dies within the specified time period will the benefits of the policy be paid. The premiums will vary with the term of the policy and with the face value of the policy ($1000, $10,000). Most term insurance policies are renewable, that is, they can be renewed for another period after the original term has ended. Term insurance has the lowest premium available but it has no cash value (savings in the policy). It may be convertible to a straight life policy. Term insurance is usually purchased to cover a temporary need (loan, mortgage, etc.).

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Ordinary Insurance (5)		Ordinary insurance is also known as straight life insurance, permanent insurance, or a whole life policy. Premiums are paid throughout the life of the policy and are always the same no matter what the age of the policy owner. Straight life is the most popular type of insurance because it combines low premium permanent insurance and savings. The advantages of a straight life insurance policy are: • Premiums are stable throughout the life of the policy • Policy has a cash surrender value, so that the policyholder has access to funds in times of emergency • A permanent insurance and the policyholder does not have to worry about obtaining insurance at an older age • Policyholder can borrow against the policy. (The loan requires little paperwork and is available upon request.)
• Limited Payment Life Insurance (5)		Limited payment life insurance designates the number of years that the policyholder is required to pay premiums. The most popular policy is the 20-year payment policy. After premiums have been paid for 20 years, no further premium payments are required. The insurance company will pay to the beneficiary the face value of the policy when the policyholder dies. The advantages of a limited payment policy in addition to those of a straight life policy are: • Provides the security of a paid-up policy • Premium payments can be terminated at retirement age so that insurance premiums do not have to be paid on a worker's lower retirement income The disadvantage of a limited payment policy is the higher premiums that have to be paid. This limits the amount of insurance a person can afford.
• Endowment Insurance (4)		Endowment insurance is purchased for a specified time period. The beneficiary receives the face value of the policy if the insured person dies before the specified time period. If he does not die, the insured receives the face value of the policy at the end of the specified time period. Endowment insurance is the most expensive type of insurance because of the limited time period and the face

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Endowment Insurance (4)		value of the policy is paid off at the end of the specified period whether the policyholder dies or not. The most common forms of endowment insurance are 20-year endowment or endowment at age 65. The advantage of endowment insurance is it can be used to pay off large bills, such as mortgage, or educational expenses. It is an investment as well as insurance. The disadvantage of an endowment insurance plan is the high cost of insurance for the investment.
Advantages and Disadvantages of Group Insurance (6)	Discuss with students their group life insurance plans. Point out that a group insurance plan does not necessarily fulfill the needs of each worker.	A group life insurance plan is one that covers all the workers in a company of union. The advantages of a group life insurance plan are that everyone may be automatically eligible for coverage and workers in dangerous occupations, who would have a difficult time getting insurance elsewhere, are able to get coverage. The disadvantage to a group plan is that it is temporary insurance which does not cover the worker when he quits or retires.
Programing of Life Insurance	Have students identify the financial needs of their survivors such as funeral expenses, debts, and education expenses for any children	Programing of insurance is providing regular income to the survivors. Many insurance policies pay only a lump sum to the beneficiary. This large lump sum is usually quickly used and the benficiaries are placed in a difficult financial position. When a person programs his insurance, the benefits are spread over a period of time so that it best meets the survivors' needs. Other investments and sources of income should be taken into account when programing a survivors' income needs.

UNIT 7

MODULE 5

SOCIAL SECURITY: WORKER INCOME PROTECTION

Explains a person's rights and benefits under the Social Security Law

OBJECTIVES

At the completion of this module students will be able to:

1 *Explain the purpose of social security*

2 *Differentiate between social assistance and social insurance*

3 *Compare the various social security benefits for which a worker may be eligible*

4 *State the basic idea of how social security works*

5 *Explain the meaning of "quarters of coverage"*

6 *Contrast fully insured and currently insured*

7 *Calculate your average earnings under social security*

8 *Explain tax rate and tax base and its significance to social security*

9 *Identify the conditions necessary for a worker to be eligible for disability benefits*

REFERENCES

(A) Boggess, Louise. *Your social security benefits.* New York, N.Y. Funk and Wagnalls. 1971.

(B) Tax Foundation, Inc. *The future role of social security.* New York, N.Y. The Foundation. 1970. (Government Finance Brief #19)

(C) U.S. Department of Health, Education and Welfare, Social Security Administration. *Estimating your social security retirement check.* Washington, D.C. U.S. Government Printing Office. 1973.

(D) _____. *If you become disabled.* Washington, D.C. U.S. Government Printing Office. 1973.

(E) _____. *Social security information for young families.* Washington, D.C. U.S. Government Printing Office. 1973.

(F) _____. *Social security programs in the United States.* Washington, D.C. U.S. Government Printing Office. 1964.

(G) _____. *Your social security.* Washington, D.C. U.S. Government Printing Office. 1973.

(H) _____. *Your social security earnings record.* Washington, D.C. U.S. Government Printing Office. 1973.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Purpose of Social Security (1)	*Additional information on social security may be obtained from any of the district offices in the State.*	Social Security is the Nation's basic method of providing a continuing income when family earnings are reduced or stop because of retirement, disability, or death.
Social Assistance (2)		Social assistance refers to financial aid and services given to needy persons. To qualify for aid one must meet a means test or prove that there is financial need.
Social Insurance (2)	Explain to students that social security benefits are a right in that the worker has paid for these benefits through his payroll deduction contributions. (Ref. B; Ref. F; Ref. G)	Social insurance is a national insurance program that the individual is required to contribute to and the benefits are his by right. There is no means test for social insurance. Both the President of General Motors and the average citizen who contribute have the same rights to benefits.
Benefits Available (3)	Indicate that it is possible to receive social security benefits prior to the age 65. (Ref. D; Ref. E, Ref. G)	Social security is made up of four basic programs: • Old Age: A program that provides benefits to retired workers. A worker may receive retirement checks as early as 62. • Disability: A program for workers who become disabled and cannot work. • Survivors: Benefits go to certain members of a worker's family if he dies. • Medicare: There are two parts of Medicare — hospital insurance and medical insurance. Hospital insurance helps pay the cost of inpatient hospital care. Medical insurance helps pay the cost of doctor's bills and certain other medical items not covered by hospital insurance. To be covered by the medical insurance you must pay a monthly premium.
Operation of Social Security (4)	Discuss the concept of paying for insurance benefits now and receiving them later. (Ref. E)	During their working years, employees make social security contributions which are pooled in special trust funds. When the worker retires, dies, or becomes disabled and his earnings stop or are reduced, he or his survivors receive monthly cash benefits from this trust fund to replace part of his reduced or cancelled earnings. These contributions also provide for the hospital insurance part of Medicare.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Quarters of Coverage (5)	Have each student calculate the number of quarters of coverage he has. (Ref. G; Ref. H)	To receive benefits, you must have credit for a certain amount of work under social security. This is measured in 3-month periods called "quarters of coverage." A person gets credit for each calendar quarter in which he is paid wages of $50 or more. Four quarters are counted for any year in which a person has $400 or more in self-employment income. Whether an individual is covered under different social security programs depends on whether he has enough "quarters of coverage" for eligibility in that program.
Currently Insured (6)	Have each student determine whether or not he is currently insured. (Ref. E)	A person is currently insured if he has credit for at least 1-1/2 years of work within three years. Thus, if a worker dies and he has worked 1-1/2 years out of the last three years, his widow and children are eligible for benefits.
Fully Insured (6)		A person must have worked 1-1/2 years to be fully insured and he can be assured of being fully insured if he has credit for 10 years of work. Having credit for sufficient work, however, means only that certain kinds of benefits may be payable; it does not determine the amount.
Average Earnings (7)	Have each student calculate what his average earnings would be if his earnings were at the maximum taxable amount. (Ref. C; Ref. G)	Retirement checks are based on a person's average earnings over a period of years. Not all earnings are included in the average earnings. Only those earnings which are subject to the social security tax should be included. The monthly payments to dependents or survivors in case of death also depend, in most case, on the amount of the person's average earnings.
Tax Rate (8)	Discuss with students why some individuals consider the employee's contribution to social security as a regressive tax. (Ref. B; Ref. G)	If a person is employed, both he and his employer each pay an equal share of social security contributions. Self-employed persons pay a somewhat lower rate than the combined rate for an employee and his employer. For 1975, employees and employers each pay 5.85 percent on the employee's wages. Self-employed persons pay 8.0 percent.
Tax Base (8)		The tax base is the maximum amount of earnings that are taxable under social security. In 1974, the maximum amount of earnings subject to social security was 14,100. If a worker earns more than $14,100, his earnings above $14,100 are not subject to the social security tax. The maximum employee payment for social security coverage is $824.85.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
Qualifying Conditions for Disability Benefits (9)		To be eligible for disability benefits under the social security program, a worker must be fully insured and be considered disabled. A worker is considered disabled if he has a physical or mental condition which: • Prevents him from doing any substantial gainful work • Is expected to last (or has lasted) for at least 12 months, or is expected to result in death. Even if a person is expected to recover from his illness, he may still be eligible for benefits. If he can not do his regular work but can do other substantial gainful work, he will not be considered disabled.

UNIT 7

MODULE 6

PRIVATE PENSION PLANS

Describes how pensions work and explains the need for them

OBJECTIVES

At the completion of this module students will be able to:

1 *List the sources of retirement income that may be available to a worker at retirement age*

2 *List the advantages of private pensions*

3 *Define and demonstrate an understanding of relating to retirement income and pension plans*

4 *Explain vesting and contrast the different types of vesting*

5 *State three ways a pension plan can be funded*

6 *Compare contributory with noncontributory pensions*

7 *Contrast the differences between death benefits, disability pensions, and joint and survivor annuity option*

REFERENCES

(A) Srb, J.H. *Portable pensions, a review of the issues.* Ithaca, N.Y. New York State School of Industrial and Labor Relations, Cornell University. 1969.

(B) U.S. Department of Labor. *Know your pension plans.* Washington, D.C. U.S. Government Printing Office. 1973.

CONTENT	INSTRUCTIONAL SUGGESTIONS
Sources of Retirement Income (1)	Use a film such as "Pensions: The Broken Promise" to show the problems involved with faculty communications about pension benefits to employer. The film may be rented from the Audio-Visual Center, NYSSILR, Cornell U. Ithaca, N.Y. 14850.
• Social Security (1)	
• Individual Savings (1)	

BACKGROUND INFORMATION

Social security is not designed to provide the worker with his total retirement income. Social security is aimed at providing the worker a sound base on which to build a retirement income. A worker's retirement portfolio should consist of more than just social security.

Individual savings should be an important part of a worker's retirement income

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Private Pension (1)	Ask students to identify sources of retirement income available to a retired worker.	A private pension providing a monthly income benefit is an important part of a worker's retirement income. A private pension with adequate benefits allows the worker to live his nonworking years in dignity and financial peace.
Advantages of a Private Pension (2)	Determine the number of students who are eligible for a pension, as well as the conditions and sources.	
• Retirement Income (2)		A private pension provides retirement income against want and destitution in old age.
• Nontaxable Income (2)		Pension plans that meet Internal Revenue Service guidelines are tax exempt. Thus, an employee does not have to pay income taxes on his pension contributions while he is working. In times of high taxes and increasing cost of living this provides a convenient method of providing income for his nonworking years.
• Employer Benefit (2)		Employers with pension plans are able to attract good workers who are willing to remain with their employer because he has provided income security for their retirement years.
Related Terms (3)	*Purchase copies of Reference B for all members of the class.*	
• Pension Plan (3)		A pension plan provides benefits, after retirement, from a trust or other separately maintained fund. The amount of benefits is either specified or can be calculated in accordance with a set formula based on various factors such as age, earnings, and service. The amount of annual contributions needed to provide the specified benefits can be estimated actuarially and does not depend upon profits.
• Normal Retirement Age (3)		Normal retirement age is the age, as established by the plan, when retirement normally occurs. Since unreduced social security benefits are available at 65, this becomes the most common retirement age.
• Forfeitures (3)		Forfeitures are the amounts contributed on behalf of terminated, nonvested participants. In a pension plan, such amounts must be applied to reducing future employer contributions.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Service and Age Requirements (3)		Service and age requirements refers to the number of years' service with the employer and the age the employee must be before he has a vested right.
• Approved Plan (3)		An approved plan is a pension deferred profit-sharing, or stock bonus plan that meets the requirements of Section 401(a) of the Internal Revenue Code of 1954. Such approval qualifies the plan for favorable tax treatment. Approval of a pension plan does not indicate any judgment regarding its quality or its financial soundness.
• Annuity (3)		An annuity provides: • Income for a specified period of time, such as a number of years or for life • Periodic payments contract • A specified monthly or annual payment to a pensioner which is often used to mean "pension"
Types of Vesting (4)	Ask students to identify the types of vesting they have in their pension plans and to give the required service and age for vesting. (Ref. B)	Vesting gives an employee the right to retain benefits in his pension plan that he has accrued, even though his employment terminates before retirement.
• Regular (4)		
• Deferred Vesting (4)		Deferred vesting is when benefits are vested only if the participant meets certain age and/or service requirements.
• Immediate Vesting (4)		Immediate vesting occurs when there are no age and/or service requirements.
• Graded Vesting (4)		Vesting is graded when the amount vested increases gradually, for example, 10 percent per year.
Funding of Pension Plans (5)	Explain which type of funding provides the greatest security for an employee's pension. (Ref. A)	Funding is the method by which the pension plan sponsor finances the plan to pay for future benefits.

CONTENT	INSTRUCTIONAL SUGGESTIONS	BACKGROUND INFORMATION
• Pay-as-you-go (5)		Pay-as-you go finances the pension as a current expense of the business. As workers retire, the employer pays retirement benefits to former employees just as if they were still working for him. Assets may be set aside for future benefit payments, but the funds are kept within the company and there is no guarantee of future payment of retirement benefits except the viability or financial soundness of the company.
• Terminal Financing (5)		Terminal financing means that the employer purchases an annuity or places a deposit in a trust for employees when they reach retirement age. The retired employee is then paid a monthly amount from the trust fund or annuity.
• Advance Funding (5)		Advance funding requires the employer to set aside enough monies in a separate trust fund to pay for pension credits earned in that year. Thus, the employee's pension benefits are paid for each year and put in a trust fund, thereby assuring at least some pension income at retirement.
Contributory Pensions (6)		In a contributory pension plan, the employer pays part of the costs. The advantage of a contributory plan is that if the employee terminates his employment, he gets back what he paid in.
Noncontributory Pensions (6)		In a noncontributory plan, the employer pays the whole cost.
Death Benefits (7)	Ask students to identify the types of options that are available in their pension plans.	Death benefit is the benefit payable to a beneficiary at the time of the participant's death.
Disability Pension (7)		Disability pension is an annuity that is payable in the event that an employer becomes disabled before the age of normal or early retirement.
Joint and Survivor Annuity Option (7)		Joint and survivor annuity option is an option under which a plan member may choose to receive, under certain conditions, a reduced amount of annuity with all, or a specified fraction thereof, to be continued after his death to a designated person.